

Francine A. Giani, Director
Utah Division of Consumer Protection
160 East 300 South, Second Floor
P. O. Box 45804
Salt Lake City, Utah 84145-0804
*PH. (801) 530-6601/FAX (801) 530-6001

RETURN OF SERVICE	
PERSON SERVED	MAOLINE WEBB
LOCATION	45E VINE ST SL
DATE/TIME SERVED	7/3/97 445 PM
[Signature]	

**BEFORE THE DIVISION OF CONSUMER PROTECTION
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

**MOORFOOT HILLS GOLF CLUB, INC.
and GANTER USA, INC**

UDCP Case No.:CP 00100

RESPONDENT

ADMINISTRATIVE CITATION

PURSUANT TO THE AUTHORITY granted by UTAH CODE ANNOTATED §13-2-6(3), as amended, which empowers the Division of Consumer Protection to issue a citation upon any person reasonably believed to be is engaged in the violation of any statute listed in UTAH CODE ANNOTATED §13-2-1, as amended, it appears, upon information and belief, that you are in violation of the *Consumer Sales Practices Act*, UTAH CODE ANN. §13-11-1 *et seq* and the *Unfair Practices Act*, UTAH CODE ANN. §13-5-1 *et seq*.

It is further noted that all alleged violations took place on July 2, 1997, within the state of Utah.

In particular, the Division of Consumer Protection alleges one (1) count of the following violation:

The division alleges one (1) count of the following violation:

1. UCA, 13-11-4. Deceptive act or practices by supplier.

(1) A deceptive act or practice by a supplier in connection with a consumer transaction violates this chapter whether it occurs before, during, or after the transaction.

(2) Without limiting the scope of Subsection (1), a supplier commits a deceptive act or practice if the supplier knowingly or intentionally:

(i) indicates that the supplier has sponsorship, approval, or affiliation the supplier does not have.

The division further alleges one (1) count of the following violation:

2. UCA, 13-5-8. Advertising goods not prepared to supply.

It shall be unlawful for any person engaged in business within the state to advertise goods and wares, or merchandise that a person is not prepared to supply.

CASE SUMMARY:

1. On or about June 1, 1997, an architect contacted Moorfoot Golf Club, Inc. owner, Angelo Degenhardt, President, Ganter USA, INC., with the intent to submit a bid on engaging his professional services. The architect was told by a Ganter representative, in order for him to be eligible to receive the contract for professional services, that he must first become an investor of the Club by purchasing a \$30,000 membership. As a result of this unusual request, the architect contacted the Utah Division of Securities to determine if the proposed transaction with Ganter, (Hereafter, "Respondent") was a legitimate investment venture. Prior to the inquiry, Respondent had also placed a full page ad in the Salt Lake Tribune on June 26, 1997, soliciting

the sale of their exclusive, limited memberships.

2. On July 1, 1997, Securities Investigator, Jude Archuleta contacted Respondent to obtain general information on the offering of club memberships. According to Archuleta, a sales representative, Kim Hess gave her some general information regarding the various memberships offered and suggested that an appointment be set up to discuss the memberships in greater detail. Hess stated that there were only one or two discounted "founders memberships" of \$25,000 still available. Archuleta agreed to set up the appointment.

3. On July 2, 1997, at approx. 9:00 a.m., Investigators, Jude Archuleta and Mike Hines, posing as potential buyers, arrived at the Club's business office located at 10600 South, 406 West, Suite 550 in Sandy Utah. The investigators were directed by an office receptionist to a room with a scale model of the Club properties. A few minutes later, Hines and Archuleta were introduced to Richard Miller, executive sales administrator for Respondent.

4. According to a taped recording of the sales presentation, Miller stated that Ganter USA, Inc, purchased the land, a current Super Fund site "about two months ago" from Mining Remedial Recovery Company (MRRC), and that now Ganter was the actual owner of the property upon which the Club was to be developed. Miller told the couple that funding had already been secured and there were no difficulties with the purchase of the property.

5. Miller further stated that all moneys collected from the purchase of Club memberships, were escrowed into an existing account where at that moment, the fees of approximately sixteen members were currently held. He also said that the prepaid memberships were fully refundable if necessary by submitting a written request prior to the opening of the Club.

6. Miller further stated that the EPA had already entered into a "planned purchase agreement" with Respondent which was currently in effect and that the EPA had given their complete approval and "green light" on the project.

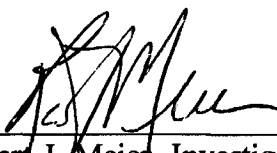
7. Miller explained the membership fee structure by stating that memberships were on a "first come first served basis" and that there were only three or four of the founder's memberships at \$25,000 still available. When asked about the total number of founders memberships being offered, Miller stated that there were only twenty founder's memberships offered for \$25,000. Miller made it clear that the memberships remaining would probably be sold that same day because they had already sold 13 founder's memberships, paid in full, the day before on July 2, 1997.

8. Such statements by Respondent regarding the approval of the EPA on the project were an intentional misrepresentation of approval which constitute a violation of 13-11-4(2)(i)

9. Such failure by Respondent to own the property upon which the memberships were to be sold in addition to the failure by Respondent enter into an agreement and obtain approval by the EPA, indicate that Respondent was not prepared to supply the memberships as offered.

10. Such failure by Respondent constitute a violation of 13-5-8.

THIS CITATION ISSUED this the 3rd day of July, 1997



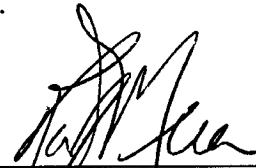
Robert J. Meier, Investigator
Utah Division of Consumer Protection

CERTIFICATE OF SERVICE

THIS IS TO CERTIFY that the undersigned HAND DELIVERED and duly mailed via regular mail a true and exact copy of the above and foregoing Administrative Citation to the following:

**GANTER USA INC.
10600 SOUTH 406 WEST, SUITE 550
SANDY, UTAH 84008**

THIS THE 3RD day of JULY, 1997.

A handwritten signature in black ink, appearing to read 'Rob Meier', is written over a horizontal line.

Rob Meier, Investigator
Division of Consumer Protection

IMPORTANT NOTICE - READ CAREFULLY

This citation may be contested by filing a request for a hearing, in writing, within ten (10) days from receipt of this citation.

Such hearing shall be conducted as an informal hearing under Title 63, Chapter 46b, Administrative Procedures Act. A citation which is not so contested becomes the final order of the Division and is not subject to further agency review. In addition to any fines which might be levied, a cease and desist order shall be entered against you. An intentional violation of a final cease and desist order is a third degree felony pursuant to UTAH CODE ANNOTATED §13-2-6(2), as amended. If you desire a hearing on this citation you may mail your request to:

Francine A. Giani, Director
Utah Division of Consumer Protection
P. O. Box 146704
Salt Lake City UT 84114-6704

Please be advised that all inquiries, correspondence, or other contacts concerning this citation, with the exception of any written request for hearing as set out above, should be directed to the below named Division employee, designated by the Director of the Division of Consumer Protection pursuant to UTAH CODE ANNOTATED §13-2-6(3)(a)(iv) and §63-46b-3(2)(a)(i)(1953), as amended:

Mark E. Kleinfeld, Enforcement Counsel
Utah Division of Consumer Protection
P. O. Box 146704
Salt Lake City UT 84114-6704
Telephone: (801) 530-6601